

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 7166**

**BILL NUMBER:** HB 1258

**NOTE PREPARED:** Feb 22, 2005

**BILL AMENDED:** Jan 31, 2005

**SUBJECT:** Payments for Funeral and Burial Expenses.

**FIRST AUTHOR:** Rep. Summers

**FIRST SPONSOR:**

**BILL STATUS:** 2<sup>nd</sup> Reading - 1<sup>st</sup> House

**FUNDS AFFECTED:** X **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State

**Summary of Legislation:** (Amended) This bill requires the Division of Family and Children to pay funeral director and cemetery expenses incurred for an individual receiving or certified to receive certain public assistance. The bill provides that the Division has a preferred claim against a decedent's estate that has sufficient assets to pay the funeral director and cemetery expenses.

The bill also increases the amount contributed from friends, relatives, and the decedent's estate that the division may not consider in determining the amount to be paid for the funeral director or cemetery expenses.

**Effective Date:** July 1, 2005.

**Explanation of State Expenditures:** (Revised) *Summary:* Under current statute, the Director of the Division of Family and Children has some discretion on the amount to pay for a funeral director's expenses and for cemetery expenses after taking into account the ability of the estate to pay these expenses. This bill removes this discretion and requires the entire funeral director's and cemetery expenses to be paid, with subsequent recovery by the Division from those estates that are sufficient to pay all or part of the expenses. Presumably, regarding this recovery provision, the net amounts paid by the state after recovery from the estate could be similar in either situation. However, the bill would increase the administrative burden, time, and legal expenses of the state associated with the recovery of these expenses.

The bill also increases the amount of contributions from friends, relatives, and the resources of the deceased that may be sheltered from consideration by the state when determining the amount that is to be paid to a funeral director or for cemetery expenses. The amount that may not be considered regarding funeral directors

is increased by the bill from \$750 to \$1,750. The amount that may not be considered for cemetery expenses is increased from \$200 to \$400. This will likely result in additional expenditures that must be paid by the state. [For example, if the resources of the deceased total \$1,000 and the bill for funeral expenses is \$3,000, under current statute, only \$250 of the resources may go toward funeral expenses (\$1,000 less \$750). However, under the provisions of the bill, because of the increase to \$1,750, the entire \$1,000 would be sheltered from the payment for funeral expenses.]

*Background Information:* The Burial Assistance Program, although requiring the deceased to have been a Medicaid recipient, is funded with state dollars only. Any additional assistance payments or legal expenses would represent additional expenditures from the state General Fund. There was an average of about 2,000 unduplicated recipients per year representing an average annual expenditure of about \$1.8 M during the four-year period from FY 2001 through FY 2004 for this program. This bill would require this amount to be paid to funeral directors and cemeteries, some of which may be subsequently recovered from estates. This does not include any additional legal expenses that may be incurred in the recovery process.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Family and Social Services Administration (FSSA).

**Local Agencies Affected:**

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